



Meeting held by virtual conferencing facility

Chair: M Atherton

Members

Present: M Sherer, S Codling, J Owens, A Beatty

In

Attendance: G Rayner, A Johnson, E Gibson.

Clerk: T. Johnson

67.1 Apologies for absence

No apologies were received.

67.2 Any other business

It was agreed that an update on the multi-factor authentication system should be given at the end of the meeting.

67.3 Declarations of interest

None reported from the register and none declared at the meeting.

67.4 Determination of confidential items

All matters under the confidential section of the agenda. The Chair informed the meeting that in addition to the agenda items already highlighted under part B of the agenda, he had one matter of confidential business to bring to the committee's attention.

67.5 Minutes of meeting No. 66

67.5.1 The minutes of meeting No. 66 held 19.11.2021 were agreed as a true record of the meeting.

67.5.2 The confidential minutes [2] of meeting No. 66 held 19.11.2021 were agreed as a true record of the meeting

67.6 Matters arising

67.6.1 There were no matters arising from the minutes and no pre-meeting questions that had not been covered by the agenda.

67.7 Policies, procedures and annual reports

67.7.1 [Counter Fraud Strategy](#)

The Chair provided an overview of the content of the draft counter fraud strategy, circulated in advance of the meeting, reminding those present that the strategy had been developed, in response to statutory requirements. Attention was drawn to the Conditions of Funding and in particular the Post 16 Audit Code of Practice.

The Chair explained that the strategy, as an integral part of the internal control framework and a key element of the Corporation's overall governance arrangements included the identification of counter fraud strategic priorities and as appendices, an updated Anti-Fraud, Cybercrime, Theft, Corruption and Bribery Policy (AF-CB), formerly titled the Anti-Fraud, Corruption and Bribery policy, fraud response plan, counter fraud checklist and associated action plans.

In response to a governor question regarding templates and benchmarking, the Clerk and Finance Manager reported that there was very little, readily available, material or templates and nothing had been forthcoming from any of the business networks. Indeed, colleagues in other colleges were also requesting sight of other colleges' strategies. It was noted that although counter fraud is a sector requirement, most of the strategy content will be unique to each corporation.

The Chair explained that receipt of an annual counter fraud report and latterly the delivery of a draft strategy had been agenda items for several years, deferred due to extenuating circumstances including the Coronavirus Pandemic. However, as discussed during the October 2021 Corporation meeting, drafting a comprehensive strategy had become a matter of some urgency and therefore, in the spirit of removing some of the burden from managers, and utilising the expertise available to the committee (alongside a recognition that policy writing is not a manager's 'day job' and should not detract from their core work), a working group with a membership of relevant committee members, supported by the Clerk, had been formed to deliver a draft strategy.

The Chair advised the meeting that, whilst the committee meeting provides an opportunity to receive initial feedback and suggested revisions, in the context that the strategy is substantial and complex, he would be happy to defer detailed discussion, allowing more time for consideration of the strategy and subsequent feedback.

The Assistant Principal (Quality and MIS) expressed concern that the College view of what a strategy should be, was not represented by the content of the draft. Additionally, the content was not proportionate, to the work currently undertaken in the College. Managers also expressed concern that the Finance Manager as "the person in the College responsible for implementing the AF-CB policy", had not been consulted on the proposed revisions and some parts of the strategy e.g. reference to flow charts had not been included.

In response, the Clerk explained that in places, the strategy is aspirational will go beyond established actions and measures. The strategy recognises that fraud threat is continually evolving and proactive fraud awareness is key to minimising risks. The checklist and action plan also include, for example, elements designed to mitigate any risks associated with the decision not to engage internal auditors. The flow charts, detailing the procedures to be followed on the discovery of fraud (fraud response), will be drafted after the procedures have been agreed.

The Chair reiterated that it is critically important that a counter fraud strategy is in place. The strategy is expected to evolve and change over months and years, as fraud and associated risks, evolve and change.

[Redacted due to corporate sensitivity]. The Clerk advised that this delegation should be written into the policy to be approved by the Corporation.

Action: Clerk/Chair

The Assistant Principal (External Examinations and Risk) advised the meeting that the risk of fraud in the College is very low and the risk of any fraud being deemed a 'critical risk' to the College is 'virtually nil'. Therefore, the risk arises from not having a strategy, rather than an actual 'fraud risk'. The Assistant Principal (Quality and MIS) suggested that in this context, the strategy must be proportionate to the minimal risk faced.

In the context that circulation of the document had been delayed until 4 days before the meeting, the Chair asked managers to provide a timescale for their consideration of the draft strategy.

Taking into account scheduled leave, the Easter break, time for consideration of the draft strategy and the drafting of a collegial response, managers agreed that it would be possible to provide a response no later than 29.04.2022.

The Vice Chair, recognising the significant amount of work that is already undertaken within College, asked whether management concerns were concentrated around the 'aims' / the aspirational elements of the strategy.

At this point the clerk left the meeting to take an urgent telephone call. The Chair was appointed clerk in her absence. The Clerk re-joined the meeting during the discussion outlined in the following paragraph.

The Assistant Principal (Quality and MIS) reported, that having read through the document and when taken in its entirety, it appeared hard to identify the process to be followed on discovery of fraud, certain elements of the strategy were a repeat of information contained within the AF-CB policy and should therefore simply be a cross reference. The majority of the other areas of repetition were also unnecessary as these could also be replaced with cross referencing to the AF-CB policy.

The Clerk reminded the meeting that the strategy had been drafted with the majority of the text as standalone appendices. Publication of the strategy would follow the same methodology as for other strategies and as such there had been no intention to publish the entirety of the strategy, to all staff. The AF-CB policy including the fraud response plan (procedures) would be published as per current college practice i.e. following due consultation and within the relevant college manual. Publication of the strategy to corporation members would follow the requirements of the Corporation's policy on the presentation of policies, procedures and protocols.

In response to a governor question, the Clerk reported that for implementation and monitoring purposes the strategy had been deliberately been drafted, to enable each element of the strategy to standalone. The drafting had taken into account accessibility requirements and administrative burden – in its current format as the strategy evolves and changes are required, only the element under consideration would need revision as the other elements, as complete standalone documents would continue to read correctly (without, for example, the need to rewrite related paras or amend cross referencing / hyperlinks). It was noted that formal consultation with staff on any policy encompassed by the strategy would take place after the committee had agreed the content and impact assessments drafted.

It was agreed that consideration of the strategy should be deferred to the next meeting. A deadline for managers feedback on the strategy and receipt of proposed revisions to the Anti-Fraud, Cybercrime, Theft, Corruption and Bribery Policy and appendix was set as 29.04.2022.

Action: College

67.7.2 Counter fraud annual reports

The following counter-fraud reports [deferred from the previous meeting] were noted as follows:

- (i) Annual fraud risk review

The report was not available at this time. The agenda item was therefore deferred to the next meeting.

Action: College

- (ii) Fraud log

Managers assured committee members that there had been no fraud at the College, that managers were aware of. Members asked for a log to be produced even if the log records that no incidents required recording.

Action: College

(iii) Report on staff training

This report was not available. The agenda item was therefore deferred to the next meeting.

Action: College

67.7.3 **Disposal of assets**

With reference to the briefing note provided in advance of the meeting, committee members were reminded that as a response to the decision not to engage internal audit, members had previously requested that the meeting agendas include any matters arising from consideration of the 'Scope and Work of Audit Committees 2021' guidance - three points were highlighted in the briefing note.

The Chair had also informed the Corporation during the meeting held September 2021, that the committee would be considering, in detail some of the Regularity Self-Assessment questions and Corporation responses, prior to the next submission. The starting point for these considerations and the discussions on the disposal of assets would be the receipt of the report from the College, detailing current practice.

As the report was not currently available. The agenda item was rereferred to the next meeting.

Action: College

67.8 Risk management and board assurance 2021-2022

67.8.1 The Assistant Principal (External Examinations and Risk) and Committee Vice Chair, provided an overview of the new format board assurance map (BAM), that had been circulated in advance of the meeting.

The interconnection between the different levels of assurance, the cross referencing to the strategic priorities and the introduction of written narratives and updates, were welcomed by the committee.

The Assistant Principal reported on the process of risk scoring and provided a summary of the risks appearing on the BAM, drawing particular attention to risks that had been merged. The Assistant Principal expanded upon the narrative for the following risks; business systems and IT (relating to cyber security and disaster recovery) and human resources (relating to recruitment).

It was noted that a revised risk register has been drafted and is currently with the Chair and Vice Chair for consideration. The register will be passed to the clerk for circulation to the committee.

Action: Committee Chair and Vice Chair

67.8.2 **Conditions of Funding – governance and accountability**

The Chair asked, in the context that non-compliance with funding conditions, is a significant risk to the College, whether this should feature on the BAM. The Assistant Principal explained, that whilst the risk is significant and therefore, appears on the risk register, the mitigating actions reduce the net risk below the BAM threshold.

The Chair queried whether, in the context that most persons would be unaware of the specifics of the conditions of funding, whether the monitoring of the risk of non-compliance via the BAM needed to be reconsidered [redacted due to corporate sensitivity].

In response to a governor question, the Clerk provided an overview of the 'conditions of grant funding', explaining that the 'funding agreement' is predominately the schedule within the Conditions of Funding documentation, detailing the payments made to the College from the ESFA, whereas the 'conditions' of the agreement require compliance with a range of matters covering everything from; notification of a change of clerk, the requirement to have cyber essentials accreditation through to the keeping of a complaints log. The conditions of funding also requires compliance with a range of other documents, including for example the post-16 audit code of practice. The Principal as Accounting Officer is required to assure the Corporation that there is complete compliance with the Conditions of Funding, (impacting decisions of delegation in some areas) reason why some functions cannot be delegated. Since the decision in 2012/13 not to appoint internal audit, each senior manager has provided direct assurance to the committee that the conditions of funding have been met, through the managers' annual assurance declarations. For each management area/ condition of funding, compliance matrices (or equivalent documentation) will exist underpinning and providing evidence for, the signing off of these assurance statements.

The Assistant Principal informed the meeting that dialogue with the Clerk and Committee Vice Chair, around this risk has been ongoing. In essence, as the Conditions of Funding are vast and very wide-reaching, the 'risk' has the potential to become the most significant area on the BAM, even if in reality it is not the risk that managers are most concerned about.

A member of the committee, advised those present that the way that the organisation is funded i.e. being dependent on public funds, implies that should the Corporation be in breach of the funding conditions there could be serious consequences. In this context, the member queried whether there was a 'red flag' system in operation, which enables managers to flag a potential issue of non-compliance, of high consequence to the Corporation.

The Chair, acknowledging that the emerging concern around the identification and mitigation of non-compliance is a governance and accountability issue, and that managers priorities rightly differ from those of Corporation members, informed the meeting that discussions will be held with the Chair of the Corporation and others regarding the best way to take this forward.

The Clerk, advised that a comprehensive scheme of delegation and the co-ordination of compliance matrices would help to resolve members' concerns.

67.8.3 [Scheme of delegation](#)

The Clerk provided information on the requirement for a scheme of delegation, advising that the Corporation must ensure that delegated authority to the Principal and senior managers, is recorded and implemented. To do this the board (clerk for approval by the board) should set out in writing the extent and limits of any delegated authority, including reporting-back protocols. Previously, a written scheme of delegation had not been considered necessary as the requirement had predominately been achieved through delegation recorded within the Instruments and Articles of Government, the policy and procedures schedules and Financial Regulations. A detailed scheme of delegation has the potential to be drafted in a way that will highlight areas of non-compliance and can be used as a ready reference. Example schemes and the relevant statutory governance guidance have recently been provided to the Chairs of the Corporation for consideration, prior to discussion at their next meeting. Information from this meeting will also be provided to aid their deliberations.

Members of the committee agreed that the discussions around Corporation responsibilities had been productive and should continue.

Action: Committee members

Members also agreed that the new format of the BAM provided the committee with a robust analytical framework, supporting identification of, and discussion around, the most significant strategic risks.

The committee, thanked the Assistant Principal for his work in producing the new assurance documents.

67.8.4 Risk Management Policy

The requirement for a risk management policy was noted. The agenda item was deferred to the next meeting.

Action: College

67.9 Consideration of internal audit needs 2021/22

It was noted that the committee had previously deferred a decision on internal audit, pending completion of the work on revised risk assurance framework.

Long serving governors counselled colleagues advising that in previous years (pre 2013) the board/college had struggled to find activities for the internal audit service to carry out and that as the current external auditors were 'excellent' the cost/time/staffing resources that would be expended on engaging internal audit (IA) seemed to outweigh any benefit that would be gained.

The Chair asked the committee to consider:

What are the risks and how are these being mitigated?

Are we, as a committee, comfortable that the right risks have been identified and are being mitigated?

Is there an area where, for example, the impact of mitigations cannot be measured and if there is, how do the committee gain the required assurance?

In the context of the above questions the Committee Chair asked members of the committee, whether there were any areas in the College that would benefit from an IA review.

The Vice Chair informed the meeting, that if the Corporation were to engage internal audit, the development of the internal audit schedule would follow scrutiny of the board assurance framework and would be based around the financial and operational strategic risks.

The Vice Chair advised members, that if the decision was not to engage internal audit, members need to consider how, as a committee and in their role in providing assurance to the board, they can be satisfied that mitigations are appropriate and effective.

In response to a member's question, the Vice Chair's suggested that additional assurance could be obtained by inviting the manager of a particular risk, to a committee meeting. Their attendance would allow members to ask questions, with the aim of ensuring the committee were comfortable that the mitigations are appropriate, effective and being undertaken on a timely basis.

A member asked governor colleagues, what matter would need to appear on the surface, as an issue or a risk, for the committee to decide to engage internal audit?

The member also advised the meeting that whereas external audit considers regularity and compliance, internal audit will look at matters from a business perspective. In this context, internal audit could be engaged to look at efficiency savings and value for money gains.

The Chair responded to these questions, outlining that at present the process for identifying where internal audit may be required, relies on consideration of the BAM or management raising a red flag.

It was noted that, when significant new legislation has been introduced e.g. GDPR this has triggered the commissioning of an internal audit.

Although there was no area immediately identified as requiring internal audit, the committee agreed that it would be beneficial to have middle managers attend relevant committee meetings. In this context the Health & Safety Officer would be asked to attend the autumn term next meeting.

Action: College/Committee Chair/Clerk

67.10 Student numbers and funding

67.10.1 The Assistant Principal (Quality and MIS) provided the committee with a comprehensive presentation on the ESFA funding methodology and the impact of student numbers. The presentation covered, national funding rates, planned learning hours, in year growth funding and highlighted the impact of the lagged funding model and the importance of the retention factor.

67.10.2 [Hybrid/distance learning](#)

In the context that during the pandemic colleges had proved that distance learning was possible and/or more students could be educated if a hybrid model was implemented, members asked whether the College was concerned that future funding may be reduced.

The Assistant Principal informed the meeting that in order to meet the funding criteria 'planned learning' must be directly supervised. The College is not currently 'set up' for remote learning - if there was a move to hybrid or distance learning a complete IT restructure would be needed, requiring significant capital funding.

67.10.3 [Retention](#)

The College confirmed that student retention figures had been relatively consistent over the past 10 years.

Committee members agreed that the presentation had been very informed and thanked the Assistant Principal for delivering the session.

67.11 Any Other Business

67.11.1 [Cyber Security](#)

The Assistant Principal (External Examinations and Risk) provided an update on the 2 factor multi authentication roll out.

67.11.2 [Date of the Next Meeting](#)

The Finance Manager informed the meeting that the Auditors had been 'chasing for the date of the next meeting'. It was agreed in the context that responses are not due back on the Counter Fraud Strategy after the planned date for the next meeting to defer the meeting scheduled for 28 April until May 2022. Members of the committee were asked to provide their availability to the Clerk.

The Chair on behalf of the committee thanked the Finance Manager and Assistant Principals for their contributions to the meeting.

15.25 E Gibson, G Rayner & A Johnson left the meeting

67.12 Confidential minutes of meeting No. 66

The confidential minutes [1] of meeting No. 66 held 19.11.2021 were agreed as a true record of the meeting

67.13 Re-appointment of Auditor

Following a review of the auditor's performance, the committee unanimously agreed to recommend to the Corporation the reappointment of Scrutton Bland as the Corporation's external Auditor (see Corporation minute 134.9.1).

67.14 Retention of Documentation

See confidential minute No. 67.14

The confidential minute will be shared with the College's Data Protection Officer

67.15 Staffing

See confidential minute No. 67.15

There being no other business the Chair closed the confidential section of the meeting at 16.03

These minutes were confirmed as a true record of the meeting on 12.05.2022 Minute No. 68.5
